



NATIONAL CONFEDERATION OF BANK EMPLOYEES

(Registered Under the Trade Unions Act 1926 - Registration No. B-2334)

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All letters to be addressed to the General Secretary

NCBE/GS/2025/42

Date: 26.08.2025

To,
The Secretary,
Department of Financial Services,
Ministry of Finance,
3rd Floor, Jeevan Deep Building,
Sansad Marg,
New Delhi – 110001.

Respected Sir,

REQUEST FOR EXTENDING PERFORMANCE LINKED INCENTIVE (PLI)
SCHEME TO PRIVATE SECTOR BANK EMPLOYEES

We invite your attention to a matter of significant concern regarding the employees of Private Sector Banks in India.

2. We refer to the Memorandum of Settlement between the Indian Banks' Association and the workmen's unions dated 11.11.2020 i.e. 11th Bipartite Settlement, wherein the Performance Linked Incentive scheme was introduced in all Public Sector Banks to inculcate a sense of competition and also to reward the performance of the employees. The Performance Linked Incentive (PLI) is payable to all employees annually over and above the normal salary payable as per the PLI matrix and operating/net profit of the Individual Banks, ranging from 5 days to 15 days of pay as an incentive.

3. In this connection, we wish to advise you that the Memorandum of Settlement dated 11.11.2020 was signed between the managements of 29 banks, as represented by the Indian Banks' Association and the workmen's unions. These 29 banks include public sector banks as well as private sector banks.

4. While the settlement makes PLI optional for private/foreign banks, the fact that these banks were signatories to the 11th Bipartite Settlement means they acknowledged and accepted the principle of performance-based incentive for employees. Hence, non-implementation goes against the spirit of the settlement which was designed to

cover the entire industry and not create artificial divisions among employees. Employees in private sector banks discharge the same duties and responsibilities as their public sector counterparts, often in more demanding and competitive environments. Denying them PLI while granting it to public sector employees creates inequality and demotivation, despite comparable or higher levels of contribution to profitability. The PLI scheme is directly linked to net profit/operating profit of each bank. Most private sector banks are highly profitable, with much better returns. When profits are robust, it is only fair that employees who are the backbone of this performance also share the reward, as envisaged under PLI.

5. Private Sector banks face higher attrition than public sector banks. Implementing PLI will help in retaining talent, improving morale, and reducing the cost of recruitment and training. Thus, PLI is not a burden but a strategic investment in human capital. Adoption of PLI will enhance the reputation of private sector banks as fair and progressive employers, improving their standing in the industry. At a time when PSBs already provide PLI, private sector banks not implementing it risk being seen as anti-employee and exploitative, which can affect industrial relations. The word optional gives private sector banks discretion, but not an exemption from responsibility. By being part of the industry-wide settlement, private sector banks have a moral and industrial obligation to implement PLI in line with the objective of the agreement.

6. In light of the above, we earnestly request you to advise the concerned to immediately implement the Performance Linked Incentive (PLI) to private sector bank employees also, as there is no justification for profitable private sector banks to withhold this benefit. Since they are equal participants in the bipartite settlement, fairness, parity, and industrial harmony demand that PLI must be extended to their employees as well, in keeping with both the spirit of the agreement and the principles of equity in the banking sector.

With best regards,

Yours sincerely,



(L. CHANDRASEKHAR)
GENERAL SECRETARY